



## Mexico

**ECONOMY.** During the rapid economic expansion in the U.S., close trading ties and the benefits of NAFTA translated into strong economic growth in Mexico. With the slump in the U.S. economy during the latter half of 2000 and 2001, Mexico entered a recession. Inflation has been problematic in Mexico, especially following the currency crisis in the mid 1990s. Mexico's unemployment rate has risen steadily over the past several years, although it is difficult to know whether employment numbers have changed, or whether the reporting has improved. While the standard of living is improving for consumers in general, economic inequalities are also growing. Growth in Mexico is highly dependent on economic activity in the U.S. When growth rates are high, Mexico's economy performs well. When growth stagnates, Mexico generally enters a recession. Developing more economic diversity and addressing structural problems will continue to be important to Mexico's long-term prospects.

**EXCHANGE RATE.** The Peso is one currency that has made gains versus the dollar in recent years, gaining nearly 5% on the U.S. dollar since January 2000. The exchange rate is less of a problem in Mexico than general economic inequality. For those who can afford to travel, the exchange rate has little impact. For those who cannot afford to travel to the U.S., changes in the exchange rate are meaningless since small fluctuations do not make travel affordable.

**LANGUAGE RESOURCES.** Most travel to the U.S. from Mexico is to areas where Spanish is spoken frequently. Spanish language resources are common in the U.S., especially destinations that attract Hispanic visitors and residents.

**TECHNOLOGY APTITUDE.** Mexico does not have a developed infrastructure to accommodate either Internet use or mobile phone networks. Nor are households affluent enough to purchase personal computers. As a result, Mexico lags most other nations in their adoption of technology.

**SEASONS & SEGMENTS.** Business connections and the friends and family market represent large segments of Mexican visitors to the U.S. California, Florida, and Texas account for more than 50% of all Mexican visitors to the U.S. Border states Arizona and New Mexico also attract large

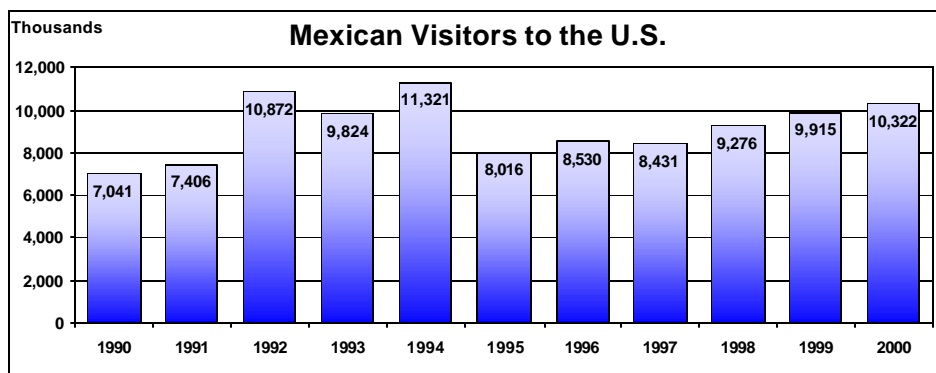
numbers of Mexican visitors each year. Very little data exists about Mexican travelers to the U.S. Outdoor recreation has not been a strong segment for Mexican travelers.

**HISTORIC VISITATION.** Mexico is the second largest international market to the U.S. However, visitors from Mexico have concentrated in very few locations in the U.S. Nonetheless, the size of the market in 2000 topped 10 million visitors. The U.S. maintains a market share above 90% among international travelers from Mexico.

**SOCIAL & POLITICAL FACTORS.** The Mexican government is pushing for closer relationships with the U.S. Current Mexican President Vicente Fox has expressed a great deal of interest in expanding business relationships with U.S. firms through NAFTA and in easing immigration restrictions for Mexican citizens, many of whom already live and work illegally in the U.S. Hispanics are the fastest growing population group in Utah and as the Hispanic population increases, the friends and family market will also increase. In addition, many business linkages between Mexico and Utah stimulate business travel to and from the two markets. One obstacle to additional growth from the Mexican market is the difficult visa approval process. Cost increases and time delays have prompted some operators to encourage visitation to destinations with less stringent border requirements (e.g. Canada).

**OLYMPIC INTEREST.** The impact of the Olympics on future visitation will likely be tied to the ability to exploit possible increases in awareness into visits from Mexico's niche ski market as well as leverage awareness towards Utah's warm-weather recreational opportunities. Estimates of television viewership suggest over 54 million Mexicans each watched an average of 9 hours of Olympic coverage. The success of several Hispanic-American athletes likely stimulated additional interest in this year's Olympic Games.

**DISTRIBUTION INFRASTRUCTURE.** Salt Lake International Airport currently offers direct nonstop service to a few cities in Mexico. Las Vegas offers 12 direct nonstop routes. Transportation to and from Mexico is relatively easy for air travelers, although expensive for most Mexican consumers.



SOURCE: OTTI, U.S. Department of Commerce